

The City Budget

Martine Guerrier and
Noreen Connell

Advocates have commented about the seeming disconnect between political rhetoric and budget reality. The recent announcement of a new promotion policy proposal for 7th graders makes for good copy. However the more modest story of education funding and priorities lies in the final details of the city budget agreement.

Back in January 2005, education officials and the Mayor planned to cut \$1.3 billion in FY 05 and an additional \$1.8 billion in repairs from the capital budget over five years because of the absence of a hoped-for state contribution of \$6.5 billion. In March the City Council threatened to hold up the education budget if the Five-Year Capital Plan was not readjusted to so that there was an end to overcrowding within five years as opposed to six years. The administration caved in and revised the plan to ensure that nearly all projects fit within the scope of five years. The city essentially front-loaded its share of \$6.5 billion, permissible because capital money is borrowed. A debt-service payment for the capital plan is like a mortgage, with payments stretched out over 30 years. With this piece of business resolved, the Mayor and the City Council went back to quietly negotiating the city budget.

The Mayor proposed to increase total funding to DOE by \$804 million (including pension contributions) in May 2005. This increase masked a system-wide decrease of \$40 million to schools related to projected enrollment declines. According to Bruce Feig, the Chief Financial Officer for the Department of Education, the \$40 million taken from school budgets will be redistributed in the form of new policy initiatives.

Roughly half of the proposed increase to the Department of Education's operating budget is directed to school bus transportation for both general education and special education students. Transportation increased costs are as follows: \$126.2 million to cover the cost of new contracts providing transportation to general and special education students; \$13.8 million for the increased cost of instruction and transportation for special education pre-kindergarten students attending private facilities; and \$15.4 million for the increased cost of transportation and instruction of school-age special education students attending private facilities.

The proposed FY 06 budget-spending plan in May included investments of:

- \$15 million for early grade intervention
- \$13.4 million to hire new school safety agents.
- \$10 million to expand middle school intervention programs.
- \$2.8 million for gifted and talented programs and to expand advance placement offerings in middle and high schools.
- \$10 million to baseline the FY 05 addition by the City Council for class size reduction.
- \$7.1 million to expand the Teacher Mentoring Program.

- \$2.8 million to increase the Translation Unit and enhance English Language Learner classroom libraries and interim assessments.
- \$95.9 million for mandated special education services as well as for inclusion models, ensuring that schools are adequately funded for these services.

The negotiation process between the Mayor and the Council was hit with a curveball by a non-education related, binding decision on behalf of the Patrolmen's Benevolence Association by the Public Employees Relations Board Impasse Panel (an arbitration board used by labor unions for fact finding for unsuccessful contract negotiations with the city). The Public Employees Relations Board (PERB) decision required the city to give police officers a 10% wage increase retroactive over two years (August 1, 2002 to July 31, 2004) and permitted reduction of the rookie starting pay rate, among other productivity cost-savings. The decision effectively forced a cut of almost \$54 million from the initial proposed \$804 million budget increase to education.

The Mayor and individual members of the Council were said to have wrestled long and hard to try to save pet programs. In the end, the Mayor's June 2005 budget priorities in education in the city budget remained identical to the May priorities.

It was the City Council's planned budget that took the major hit from the PERB decision. The City Council was able to make only minor additions to the education budget, including \$1.34 million for Attendance Improvement and Dropout Prevention (AIDP), \$130,000 for the Principal Leadership Center, \$17.96 million for classroom supplies through Teacher's Choice (this restores the \$16 million cut from the Executive budget, and bumps it up with a \$1.7 million increase), \$2.75 million for Urban Advantage-Science and Social Studies Initiative (\$2.5 million will be used for continued implementation and expansion of the science initiative; \$250,000 will go toward developing the social studies initiative). The City Council contribution of funding for initiatives and member items totaled \$11,704,002. Despite supporting the reduction of class sizes, there is no new City Council funding for class size reduction in the education increases. It is interesting to note that nearly one-third of direct funding by the City Council for education went to non-profit organizations.